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Message Text

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ACTION EUR-12

INFO OCT-01 NEA-09 ISO-00 IO-10 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAJ-01 AGR-05 FEA-01 ERDA-05 AID-05 CEA-01

CIEP-01 COME-00 EB-07 FPC-01 INT-05 OMB-01 SAM-01

OES-03 STR-01 TRSE-00 FRB-03 /117 W
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R 111602Z MAR 75
FM AMEMBASSY ROME
TO SECSTATE WASHDC 9979
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
OECD PARIS
AMEMBASSY TEHRAN VIA POUCH
AMEMBASSY TRIPOLI VIA POUCH
AMEMBASSY BEIRUT VIA POUCH
AMEMBASSY JIDDA VIA POUCH
AMEMBASSY ALGIERS VIA POUCH
ZEM/AMEMBASSY LUWAIT VIA POUCH

C O N F I D E N T I A L 3546

KUWAIT FOR MUSCAT

E.O. 11652C GDS
TAGS: ENRG, PFOR, ETRD, IT, SA
SUBJECT: PRESIDENT LEONE VISITS SAUDI ARABIA: LITTLE SUBSTANCE

REF: (A) JIDDA 1706 (NOTAL) (B) ROME 3489

1. SUMMARY: PRESIDENT LEONE HAS LITTLE TO SHOW FOR HIS
3-DAY VISIT TO SAUDI ARABIA'S KING FAISAL. THE FINAL
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ACCORD, ACCORDING TO MFA SOURCES, ONLY ESTABLISHES GENERAL

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FRAMEWORK FOR FUTURE COOPERATION, AND FALLS SHORT OF LEONE'S EXPECTATIONS. LEONE ALSO VISITED SULTAN OF OMAN. END SUMMARY.

2. MARCH 10 VISIT WITH MFA OFFICE DIRECTOR FOR ME ECONOMIC RELATIONS GIACOMO ATTOLICO (XGDS-1L CONFIRMED INITIAL IMPRESSIONS THAT PRESIDENT LEONE'S MARCH 3-5 STATE VISIT TO SAUDI ARABIA RESULTED IN LITTLE DIRECT HELP TO ITALY. FINAL ACCORD STATED THAT BOTH COUNTRIES WILL QUOTE ENCOURAGE COOPERATION IN ECONOMIC, INDUSTRIAL, MINERAL, AGRICULTURE, COMMUNICATIONS, TRANSPORTATION, ELECTRICITY, AND FINANCIAL UNQUOTE SECTORS. OTHER MAJOR ITEMS CALL FOR (A) CREATION OF MIXED COMMISSION AND (B) FACILITATION LONG-TERM OIL SUPPLY CONTRACTS. RE (A), MIXED COMMISSION WILL IDENTIFY, EXAMINE AND PREPARE REPORTS ON POTENTIAL PROJECTS FOR ITALO-SAUDI COLLABORATION. NO SPECIFIC PROJECTS WERE MENTIONED, BUT NEWSPAPER REPORTS INDICATE POSSIBILITIES IN PETROCHEMICALS (ENI AND MONTEDISIO), INFRASTRUCTURE PROJECTS, SAUDI AGRICULTURAL DEVELOPMENT, HOSPITAL CONSTRUCTION (A 500 BED FACILITY FOR THE UNIVERSITY OF RIYADH) AND OTHERS. ON LONG-TERM SUPPLY, ATTOLICO STATED THAT SAUDIS DISPOSED TO GUARANTEE 25 MILLION M.T. OVER THREE YEAR PERIOD (ITALY NOW IMPORTS APPROXIMATELY 34 MILLION M.T. PER YEAR FROM SAUDI ARABIA) AT CONCESSIONARY PRICES. DEGREE OF DISCOUNT NOT DISCUSSED, BUT ATTOLICO NOTED THAT ARRANGEMENTS WOULD FOLLOW ACCEPTED PRACTICE (CREDIT TERMS, DELAYED PAYMENT, ETC.) AND NOT RPT NOT CONSTITUTE RUPTURE OF OPEC PRACTICES. ALSO ON ECONOMIC SIDE, GOI ATTEMPTED TO INCLUDE PROVISION IN FINAL ACCORD ON POSSIBLE TRIANGULAR DEALS (I.E. SAUDI FINANCING OF PROJECTS IN OTHER COUNTRIES) BUT THIS WAS REJECTED BY SAUDIS.

3. VISIT MAY HAVE BEEN PROTOCOL SUCCESS, BUT WAS SUBSTANTIVELY DISAPPOINTING. ATTOLICO NOTED THAT HIGH-LEVEL EXPECTATIONS HAD BEEN INFLATED BEYOND POSSIBILITY OF SATISFACTION IN THE WAKE OF THE LEONE VISIT TO IRAN WHICH HAD BEEN CHARACTERIZED BY ALMOST FRENETIC COMMERCIAL ACTIVITY. THE LACK OF CONCRETE RESULTS STEMMED, ACCORDING TO ATTOLICO, FROM A GOI INABILITY TO NAIL DOWN THE SAG PRIOR TO THE VISIT. THE SAG HAD NOT RESPONDED TO GOI MESSAGES AND CONFIDENTIAL

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PROPOSALS; NEGOTIATING DURING THE ACTUAL VISIT WAS HINDERED BY ABSENCE (IN ALGIERS) OF PRINCE FAHAD (PHONETIC) AND YAMANI, LEAVING ONLY THE FAISAL AND THE ULTRA-CAUTIOUS FINANCE MINISTER. ATTOLICO NOTED SOURLY THAT IT WAS IMPOSSIBLE TO DEAL WITH EITHER OF THEM.

4. SOLE PURPOSE PRESIDENT LEONE'S OMAN VISIT WAS TO REPAY 1974 CALL BY SULTAN QUABOOS. ATTOLICO STATED NOTHING OF

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SUBSTABCE OCCURED DURING 40 MINUTE MEETING; SPECIFICALLY,
THAT THERE WAS NO DISCUSSION OF ITALIAN ARMS SUPPLIES OR
OTHER SUPPORT FOR QUABOOS' ANTI-GUERILLA ACTIONS.VOLPE

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